

House File 829

HOUSE FILE
BY COMMITTEE ON GOVERNMENT
OVERSIGHT

(SUCCESSOR TO HSB 168)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved

A BILL FOR

1 An Act relating to bidding requirements for state executive
2 branch purchases.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2258HV 81
5 jr/gg/14

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1 1 Section 1. Section 8.6, Code 2005, is amended by adding
1 2 the following new subsection:
1 3 NEW SUBSECTION. 15. MASTER CONTRACT REVIEW. To review
1 4 the documentation provided by state agencies to support the
1 5 use of master contracts with terms in excess of five years.
1 6 Sec. 2. Section 8A.311, subsection 1, Code 2005, is
1 7 amended to read as follows:
1 8 1. All equipment, supplies, or services procured by the
1 9 department shall be purchased by a competitive bidding
1 10 procedure as established by rule. ~~However, the~~ The director
1 11 may exempt by rule purchases of noncompetitive items and
1 12 purchases in lots or quantities too small to be effectively
1 13 purchased by competitive bidding. The rules shall provide
1 14 that architectural and engineering services shall be procured
1 15 on the basis of bidder competence and reasonable price and
1 16 shall not be based on competitive bidding. The rules may
1 17 include the use of a master contract; however, a master
1 18 contract may be in effect for no longer than five years unless
1 19 a longer term is determined to provide a greater fiscal
1 20 savings; documentation which supports that determination shall
1 21 be provided to the department of management. A master
1 22 contract shall not be extended unless a competitive bidding
1 23 process is used. Any master contract in effect on July 1,
1 24 2005, may be extended as expressly provided by the terms of
1 25 the master contract; however, that extension may be for no
1 26 longer than three years. Preference shall be given to
1 27 purchasing Iowa products and purchases from Iowa-based
1 28 businesses if the Iowa-based business bids submitted are
1 29 comparable in price to bids submitted by out-of-state
1 30 businesses and otherwise meet the required specifications. If
1 31 the laws of another state mandate a percentage preference for
1 32 businesses or products from that state and the effect of the
1 33 preference is that bids of Iowa businesses or products that

1 34 are otherwise low and responsive are not selected in the other
1 35 state, the same percentage preference shall be applied to Iowa
2 1 businesses and products when businesses or products from that
2 2 other state are bid to supply Iowa requirements.

2 3 Sec. 3. Section 216B.3, subsection 12, unnumbered
2 4 paragraph 1, Code 2005, is amended to read as follows:
2 5 Manage and control the property, both real and personal,
2 6 belonging to the department. To the extent practicable,
2 7 equipment, supplies, or services procured by the department
2 8 shall be purchased through a competitive bidding procedure as
2 9 established by rule. However, the director may exempt by rule
2 10 purchases of noncompetitive items and purchases in lots or
2 11 quantities too small to be effectively purchased by
2 12 competitive bidding. The rules shall provide that
2 13 architectural and engineering services shall be procured on
2 14 the basis of bidder competence and reasonable price and shall
2 15 not be based on competitive bidding. The rules may include
2 16 the use of a master contract; however, a master contract may
2 17 be in effect for no longer than five years unless a longer
2 18 term is determined to provide a greater fiscal savings;
2 19 documentation which supports that determination shall be
2 20 provided to the department of management. A master contract
2 21 shall not be extended unless a competitive bidding process is
2 22 used; however, any master contract in effect on July 1, 2005,
2 23 may be extended once for a term no longer than three years.

2 24 PARAGRAPH DIVIDED. The commission shall, according to the
2 25 schedule established in this subsection, when the price is
2 26 reasonably competitive and the quality as intended, purchase
2 27 soybean-based inks and plastic products with recycled content,
2 28 including but not limited to plastic garbage can liners. For
2 29 purposes of this subsection, "recycled content" means that the
2 30 content of the product contains a minimum of thirty percent
2 31 postconsumer material.

2 32 Sec. 4. Section 262.9, Code 2005, is amended by adding the
2 33 following new subsection:
2 34 NEW SUBSECTION. 31. Require, to the extent practicable,
2 35 that all equipment, supplies, or services procured by all
3 1 institutions under the jurisdiction of the board be purchased
3 2 through a competitive bidding procedure as established by
3 3 rule. However, the secretary may exempt by rule purchases of
3 4 noncompetitive items and purchases in lots or quantities too
3 5 small to be effectively purchased by competitive bidding. The
3 6 rules shall provide that architectural and engineering
3 7 services shall be procured on the basis of bidder competence
3 8 and reasonable price and shall not be based on competitive
3 9 bidding. The rules may include the use of a master contract;
3 10 however, a master contract may be in effect for no longer than
3 11 five years unless a longer term is determined to provide a
3 12 greater fiscal savings; documentation which supports that
3 13 determination shall be provided to the department of
3 14 management. A master contract shall not be extended unless a
3 15 competitive bidding process is used; however, any master
3 16 contract in effect on July 1, 2005, may be extended once for a
3 17 term no longer than three years.

3 18 Sec. 5. Section 307.21, subsection 4, paragraph a, Code
3 19 2005, is amended to read as follows:
3 20 a. Provide centralized purchasing services for the
3 21 department, in cooperation with the department of
3 22 administrative services. To the extent practicable,
3 23 equipment, supplies, or services procured by the department
3 24 shall be purchased through a competitive bidding procedure as

3 25 established by rule. However, the director may exempt by rule
3 26 purchases of noncompetitive items and purchases in lots or
3 27 quantities too small to be effectively purchased by
3 28 competitive bidding. The rules shall provide that
3 29 architectural and engineering services shall be procured on
3 30 the basis of bidder competence and reasonable price and shall
3 31 not be based on competitive bidding. The rules may include
3 32 the use of a master contract; however, a master contract may
3 33 be in effect for no longer than five years unless a longer
3 34 term is determined to provide a greater fiscal savings;
3 35 documentation which supports that determination shall be
4 1 provided to the department of management. A master contract
4 2 shall not be extended unless a competitive bidding process is
4 3 used; however, any master contract in effect on July 1, 2005,
4 4 may be extended once for a term no longer than three years.

4 5 PARAGRAPH DIVIDED. The administrator shall, when the price
4 6 is reasonably competitive and the quality as intended,
4 7 purchase soybean-based inks and plastic products with recycled
4 8 content, including but not limited to plastic garbage can
4 9 liners, and shall purchase these items in accordance with the
4 10 schedule established in section 8A.315. However, the
4 11 administrator need not purchase garbage can liners in
4 12 accordance with the schedule if the liners are utilized by a
4 13 facility approved by the environmental protection commission
4 14 created under section 455A.6, for purposes of recycling. For
4 15 purposes of this subsection, "recycled content" means that the
4 16 content of the product contains a minimum of thirty percent
4 17 postconsumer material.

4 18 EXPLANATION

4 19 This bill establishes a general policy for state executive
4 20 branch agencies that equipment, supplies, or services procured
4 21 by the state shall be purchased using a competitive bidding
4 22 procedure, when practicable. However, architectural and
4 23 engineering services shall be obtained on the basis of
4 24 competence and price instead of a competitive bid.

4 25 The bill also provides, as a general principle, that a
4 26 master contract may be in effect for only five years.
4 27 However, a longer term may be provided for if the agency
4 28 determines that it would provide greater savings.
4 29 Documentation that supports this determination must be
4 30 provided to the department of management, which is required to
4 31 review the documentation; the department does not have
4 32 approval authority. The bill contains a grandfather clause
4 33 for master contracts in effect on July 1, 2005; these
4 34 contracts may be extended as expressly provided in the
4 35 contract, but for no longer than three years.

5 1 A master contract is generally an agreement with a vendor
5 2 to sell a good or a service at a specified price, and allowing
5 3 any number of individual sales at that price usually to any
5 4 state agency.

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